

Message Text

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ACTION EB-11

INFO OCT-01 ADP-00 IO-13 AF-10 ARA-16 EA-11 EUR-25 NEA-10

RSC-01 OMB-01 TAR-02 AGR-20 AID-20 CIAE-00 COME-00

INR-10 LAB-06 NSAE-00 OIC-04 SIL-01 STR-08 TRSE-00

CIEP-02 CEA-02 DODE-00 PM-07 H-03 L-03 NSC-10 PA-03

PRS-01 SS-15 USIA-15 ACDA-19 AEC-11 SCI-06 CEQ-02

EPA-04 INT-08 NSF-04 COA-02 CG-00 RSR-01 SAJ-01

MBFR-03 /292 W

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R 271418Z AUG 73

FM USMISSION GENEVA

TO SECSTATE WASHDC 1415

INFO USUN NEWYORK 9638

USMISSION OECD PARIS

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E.O. 11652: N/A

TAGS: ETRD, UNCTAD

SUBJ: UNCTAD TRADE AND DEVELOPMENT BOARD

BEGIN SUMMARY: ABSENCE OF FIREBRANDS FROM DEVELOPING COUNTRIES (LDCS) AND HETEROGENEOUS NATURE OF AGENDA ITEMS CONTRIBUTED TO DULL BEGINNING OF UNCTAD BOARD. EVEN THOUGH AND SPIRITED OPENING STATEMENT OF UNCTAD SYG FAILED SPARK USUAL SERIES OF HIGHLY CHARGED STATEMENTS BY LDCS. EARLY HOPES FOR SIMPLE NOTING OF DEBATE ON SEABEDS, ENVIRONMENT AND DISARMAMENT BROUGHT INTO QUESTION LATE IN WEEK AS INDIVIDUAL LDCS SUGGESTED NEED FOR MORE FORMAL CONCLUSIONS. SIMILAR SITUATION PREVAILED ON MONETARY AND TRADE ISSUES. HOWEVER, GROUP OF 77 LDCS HAS BEEN SLOW IN ORGANIZING AND NOT CLEAR AT THIS STAGE WHAT INITIATIVES WILL BE PROPOSED. NORTH KOREA WELCOMED BUT NOT REPRESENTED. DEBATE UNCLASSIFIED

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CONTINUES. END SUMMARY

1. ABSENCE OF FIREBRANDS FROM DEVELOPING COUNTRIES (NOTABLY SANTA CRUZ, CHILE) AND DIVERSITY OF PLENARY AGENDA ITEMS CONTRIBUTED TO DULL BEGINNING OF THIRTEENTH BOARD (TDB XIII). FIRST SESSION BECAME BOGGED DOWN IN FUTILE DEBATE BETWEEN BRAZIL AND SOCIALIST COUNTRIES OVER WHETHER SESSIONAL COMMITTEE II ON TRADE WITH SOCIALIST COUNTRIES (ITEM 9) SHOULD ALSO TAKE UP BRAZILIAN PROPOSAL ON REFORM OF UNCTAD MACHINERY (ITEM 11(A)). NORTH KOREAN MEMBERSHIP WELCOMED BY SOCIALIST COUNTRIES, PRC AND EIGHT LDCS BUT NO REP PRESENT TO HEAR FINE WORDS. NO ATTACKS MADE ON SOUTH KOREA. PLENARY NAMED STAHELIN (SWITZERLAND) PRESIDENT AND HELLER (MEXICO) RAPPORTEUR. PATHMARAJAH (SRI LANKA) CHAIRMAN SESSIONAL COMMITTEE I ON REPORTS OF UNCTAD SUBSIDIARY BODIES AND REFORM OF UNCTAD MACHINERY. FABIAN (HUNGARY) CHAIRMAN SESSIONAL COMMITTEE II ON TRADE WITH COUNTRIES HAVING DIFFERENT ECONOMIC AND SOCIAL SYSTEMS. GROUP B (DEVELOPED COUNTRIES) COORDINATORS ARE MILLER (US) IN PLENARY, GRAY (UK) ITEM 6 AND WARBURTON (UK) ITEM 11(A) IN SESSIONAL I AND MOHLER (GERMANY) IN SESSIONAL II.

2. SECRETARY GENERAL PEREZ-GUERRERO (PG) OPENED SESSION WITH ORAL STATEMENT MUCH TOUGHER AND MORE FIERY THAN HIS MORE ANALYTICAL WRITTEN REVIEW OF DEVELOPMENTS. PG DREW PICTURE OF ECONOMIC WORLD IN CONTINUAL STATE OF CRISIS AND DRIFT WHICH NOT GOOD FOR ANY COUNTRY AND ESPECIALLY UNHEALTHY FOR LDCS. HE REPEATED HIS USUAL THEME ABOUT PARTICULAR RESPONSIBILITIES OF MOST POWERFUL STATES AND MADE POINTED COMMENTS REGARDING DESIRABILITY OF IMPLEMENTATION BY US OF GSP AND US MEMBERSHIP IN COCOA AGREEMENT WITHOUT HOWEVER MENTIONING US BY NAME. SAID UNCTAD MUST BE IN POSITION CONTRIBUTE TO MTN(READ UNCTAD SECRETARIAT SHOULD BE OBSERVER IN TNC). SAME RECIPROCITY CANNOT BE EXPECTED OF LDCS AS DEVELOPED COUNTRIES BUT ALL LDCS CAN CONTRIBUTE TO AISM OF MTN AND RICHER ONES MAY MAKE MFN CONCESSIONS THAT SHOULD BE TAKEN TO ACHIEVE OBJECTIVE OF SIGNIFICANT BENEFITS FOR LDCS. MOST TELLING POINT WAS CONCLUDING REMARK WARNING OF POSSIBLE DANGER, WHICH COULD BE AVOIDED, THAT MAJOR UNCLASSIFIED

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TRADING PARTNERS WILL SETTLE OWN PROBLEMS AND OVERLOOK INTERESTS OF LDCS. TEXT OF STATEMENTS BEING POUCHED EB/GCP.

3. STATEMENTS ON PRINCIPAL MATTERS ARISING FROM THIRD CONFERENCE (ITEM 4) WERE PATCHWORK QUILT OF SPECIFIC COMMENTS ON ISSUES OF INTERST TO INDIVIDUAL DELS AND USUAL TYPE OF GENERAL STATEMENTS REVIEWING PROGRESS SINCE LAST BOARD. FOLLOWING IS SUMMARY OF MAIN POINTS ON

KEY ITEMS:

A) SEABEDS. ISSUE OF EXPLOITATION OF MINERAL RESOURCES OF SEABED BEYOND NATIONAL URISDICTION EN- GENDERED GRAT DEAL OF INTERST AND SOME EMOTION AMONG LDCS. PRINCIPAL THEMES WERE NEED TO MAINTAIN MORATORIUM ON EXPLOITATION PENDING INTERNATIONAL AGREEMENT ON ISSUE AND HAVE UNCTAD EXPAND ITS WORK ON CONSEQUENCES FOR COMMODITY POLICY. PRC STRONGLY SUPPORTED LDCS AND WAS HIGHLY CRITICAL OF STATES BREAKING MORATORIUM. DEVELOPED MINERAL EXPORTING COUNTRIES SUCH AS CANADA TENDED SYMPATHIZE WITH LDC VIEW THAT PRVENTIVE POLICY TO CONTROL EXPLOITATION PREFERABLE TO COMPENSATORY POLICY WHICH LIKELY SUFFER FROM LACK OF FUNDS. NEVERTHELESS, POLAND AND ALL GROUP B SPEAKERS (INCLUDING US) AGREED THAT MAIN RESPONSIBILITY FOR SEABEDS LIES WITH UN SEABED COMMITTEE AND UPCOMING LAW OF SEA CONFERENCE AND THAT UNCTAD SHOULD NOT SPEND MUCH TIME OR RESOURCES ON SUBJECT. PERU, HOWEVER, SAID WOULD FORMALLY PROPOSE TDB AUTHORIZE UNCTAD SUBSIDIARY BODIES TO CARRY OUT STUDIES ESPECIALLY ON PRIMARY COMMODITIES AND THAT BOARD ALLOCATE APPROPRIATE RESOURCES.

(B) ENVIRONMENT. ALL DELS ACCEPTED THAT UNCTAD HAD ROLE TO PLAY IN THIS AREA IN COORDINATION WITH COMPETENT INTERNATIONAL ORGANIZATIONS (NOTABLY UNEP). LDCS FULLY SUPPORTED UNCTAD STUDIES ON (1) NTBS AFFECTING LDCS, (2) SYNTHETICS VERSUS NATURAL MATERIALS AND (3) LOCATION OF INDUSTRIES WITH SPECIAL POLLUTION PROBLEMS. MOT GROUP B COUNTRIES DID NOT COMMENT IN PLENARY AND PRIVATELY IN-

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TRSE-00 CIEP-02 CEA-02 DODE-00 PM-07 H-03 L-03 NSC-10

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CEQ-02 EPA-04 INT-08 NSF-04 COA-02 CG-00 SAJ-01

MBFR-03 /292 W

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FM USMISSION GENEVA
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DICATED SYMPATHY FOR UNCTAD STUDIES. US DEL QUESTIONED USEFULNESS OF STUDIES (2) AND (3) ABOVE AND WAS SUPPORTED BY AUSTRALIA ON (2) AND SWITZERLAND ON (3). SEVERAL LDCS INDICATED NEED FOR BOARD ACTION.

(C) DISARMAMENT. ISSUE EVOKED INTEREST PRINCIPALLY OF PRC, KENYA AND MEXICO. PRC REPEATED PREVIOUS LINE (GENEVA 4471) THAT IT FAVORED DISARMAMENT BUT ACTION UNREALISTIC SINCE DISARMAMENT WOULD WEAKEN SMALLER STATES AT TIME WHEN TWO SUPER POWERS CONTINUE HIGH LEVEL OF ARMAMENT AS MEANS OF MAINTAINING BIG POWER HEGEMONY. CONTRARY TO STRONG RESPONSE BY UKRAINE AT TDB XII, USSR DID NOT REPLY, IN PART BECAUSE BOTH DELS HAD ALREADY MADE LENGTHY SPEECHES ABOUT ALL SOVIET UNION DOING TO ESTABLISH PEACE. IN COURSE OF COMMENT ON SEVERAL ITEMS, USDEL SAID POLITICAL STATEMENTS OF TYPE MADE BY UNCLASSIFIED

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PRC WERE INAPPROPRIATE IN FORUM ON DEVELOPMENT BUT DID NOT COMMENT ON SUBSTANCE. US DEL ALSO SAID DISARMAMENT ISSUES ARE PRINCIPAL RESPONSIBILITY OF OTHER COMPETENT BODIES. KENYA SAID UNTHINKABLE THAT CONCEPT OF DISARMAMENT MEANT TO APPLY TO LDCS. ISSUE ONLY APPLICABLE TO MAJOR POWERS WHICH SQUANDERING BILLIONS ON ARMS WHICH COULD BE USED FOR LDC DEVELOPMENT. SAID SESSION MUST DO MORE THAN JUST TAKE NOTE OF DEBATE. MEXICO SAID ISSUE VERY IMPORTANT AND BOARD HAD RESPONSIBILITY KEEP UNDER CONSTANT REVIEW. CALLED FOR RESOLUTION OR DECISION ON SECRETARIAT STUDY FOR CIFT VII ON MANNER IN WHICH RESOURCES FREED FROM DISARMAMENT COULD BE USED FOR DEVELOPMENT.

(D) MONETARY AND TRADE. THERE WERE FEWER SPEECHES ON MONETARY AND TRADE NEGOTIATIONS THAT AT ANY RECENT TDB. LDC INTEREST IN SUBJECTS NEVERTHELESS REMAINS HIGH. PERU WAS ONLY LDC TO CRITICIZE RESULTS OF GATT PREPCOM.

HE COMPLAINED OF FAILURE OF DRAFT MINISTERIAL DECISION TO RECOGNIZE SPECIAL TREATMENT FOR LDCS IN MTN. GROUP B COUNTRIES WHICH INCLUDED THESE SUBJECTS IN THEIR STATEMENTS ARGUED EFFORTS TO REACH SOLUTIONS WERE PROCEEDING SATISFACTORILY IN COMPETENT BODIES AND THEREFORE THERE NOTHING FOR UNCTAD TO DO. EC COMMISSION MADE USUAL HIGH SOUNDING BUT NON-COMMITTAL PRONOUNCEMENT IN SUPPORT OF LDCS. UK AND JAPAN NOTED THEIR SUPPORT FOR SDR LINK. SOCIALIST COUNTRIES SUPPORTED ROLE FOR UNCTAD SECRETARIAT IN MONETARY AND TRADE NEGOTIATIONS AS WAY OF KEEPING BOARD INFORMED OF DEVELOPMENTS WHICH MIGHT REQUIRE ACTION. PHILIPPINES SUGGESTED BOARD ENDORSE PG STATEMENT THAT MTN INJECT REALISM AND SENSE OF URGENCY INTO MONETARY NEGOTIATIONS AND THAT BOTH MONETARY AND TRADE NEGOTIATIONS RECOGNIZE OBJECTIVE OF FINDING SOLUTIONS TO PROBLEMS OF LCS. HE URGED THAT TDB ACTION BE BROUGHT TO ATTENTION OF MINISTERS AT TOKYO AND NAIROBI.

(E) REVIEW AND APPRAISAL. EXCEPT FOR KENYA COMMENTS IN PLENARY WERE CONFINED TO PROCEDURE FOR MID-TERM REVIEW. KENYA STRONGLY CRITICIZED HARD LINE TAKEN IN ECOSOC BY DEVELOPED COUNTRIES ON SUBSTANCE AND THEIR UNCLASSIFIED

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EFFORTS TO TWIST STATISTICS TO MAKE POOR PERFORMANCE IN IMPLEMENTATION OF POLICIES LOOK GOOD. SAID DRAFT WORKING PAPER IS MINIMUM LDCS CAN ACCEPT AND WARNED OF DEVELOPING CLIMATE OF CONFRONTATION. BECAUSE OF OPPOSITION FROM AFRICAN GROUP TO MOVING UNCTAD IV TO 1975, PHILIPPINES(BRAILLANTES), ON BEHALF OF ASIAN GROUP, FORMALLY PROPOSED AS SUBSTITUTE THAT MID-TERM REVIEW BE HELD YEAR LATER (E.G. IN 1976). BILLANTES ALSO MADE LONG AND SPIRITED DEFENSE OF UNCTAD AS A COOPERATIVE AND NON-COMPETITIVE BODY VIS-A-VIS ECOSOC BUT ONE WITH A CLEAR MANDATE. STATEMENT WAS OBVIOUS RESPONSE TO WALDHEIM JULY 5 PRESS CONFERENCE WHERE UNCTAD/ECOSOC RIVALRY DISCUSSED. (UNCTAD)SECRETARIAT REPORTEDLY INCENSED BY WALDHEIM STATEMENT.) US AND UK ONLY GROUP B DELS IN PLENARY TO SUPPORT EXISTING ARRANGEMENTS. IN GROUP B, NETHERLANDS, CANADA AND AUSTRALIA INDICATED WILLINGNESS BE FLEXIBLE ON ISSUE.

(F) LDC REGIONAL ARRANGEMENTS. THERE WAS NO OPPOSITION TO MEETING OF MULTILATERAL FINANCIAL INSTITUTIONS CALLED BY PRG. SEVERAL LDCS EXPRESSED DISAPPOINTMENT OVER NEGATIVE IMF RESPONSE ON SPECIAL FACILITY FOR SUPPORT OF LDC REGIONAL ARRANGEMENTS. SWEDEN, FINLAND AND AUSTRALIA MADE STATEMENTS IN PLENARY OPPOSING SUCH A FACILITY.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SEABED, LESS DEVELOPED COUNTRIES, DISARMAMENT, MEETINGS, TRADE AGREEMENTS, COMMODITY AGREEMENTS, MONETARY AGREEMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 27 AUG 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973GENEVA04607
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: GENEVA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730814/aaaaajxm.tel
Line Count: 277
Locator: TEXT ON-LINE
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 6
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: kellerpr
Review Comment: n/a
Review Content Flags:
Review Date: 20 AUG 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <20-Aug-2001 by reddocgw>; APPROVED <01-Feb-2002 by kellerpr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: UNCTAD TRADE AND DEVELOPMENT BOARD BEGIN SUMMARY: ABSENCE OF FIREBRANDS FROM DEVELOPING
TAGS: ETRD, UNCTAD, LDCS, (FIREBRAND)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005